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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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28 OCT 1993

IN REPLY REFER TO:

Honorable J. Alex McMillan, III
House of Representatives
401 Cannon House Office Building
Washington, D.C. 20515

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DEC '6 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

93-253

Dear Congressman McMillan:

This in reply to your letter of September 29, 1993, concerning impact of the Omnibus Budget Reconciliation Act of 1993 (Budget Act) on such radio services as the Interactive Video and Data Service (IVDS). Your letter was referred to me because the Office of Plans and Policy is responsible for implementing the competitive bidding provisions of the Budget Act.

On August 10, 1993, President Clinton signed the Omnibus Budget Reconciliation Act of 1993 (Budget Act). The Budget Act affected the Commission by, among other things, limiting the Commission's lottery authority and granting the Commission authority to conduct auctions of the spectrum (competitive bidding). Further, the Budget Act permits the Commission to conduct lotteries for radio service applications that were accepted for filing prior to July 26, 1993. Because the Commission accepted IVDS applications for nine service areas prior to July 26, 1993, the Commission conducted a lottery for such service areas on September 15, 1993, as previously announced in a Public Notice, DA 93-935 (July 23, 1993). Therefore, the Budget Act did not affect any IVDS applications accepted for filing prior to July 26, 1993.

In addition, the Budget Act, signed August 10, 1993, provided the Commission with 210 days from its date of enactment, or March 8, 1994, to issue final rules concerning competitive bidding. Accordingly, on September 23, 1993, the Commission initiated a rule making proceeding to implement the competitive bidding provisions of the Budget Act. Notice of Proposed Rule Making (NPRM), PP Docket 93-253 (adopted September 23, 1993, released October 12, 1993). The NPRM proposed, among other things, to subject future IVDS applications to competitive bidding. In addition, the Commission proposed certain investment incentives, such as installment payment plans with interest, for small businesses and other entities designated by the Budget Act in order to ensure their economic opportunity under a system of competitive bidding. The public, including your constituents, are invited to submit comments to this proceeding by November 10, 1993, and reply comments by November 24, 1993. I can assure you that the Commission will give full consideration to all comments filed in the competitive bidding rule making proceeding.

I trust this is responsive to your inquiry.

Sincerely,



Robert Pepper
Chief
Office of Plans and Policy

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ALEX McMILLAN
9th DISTRICT
NORTH CAROLINA



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COMMITTEE ASSIGNMENT
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TASK FORCE ON HEALTH
REPUBLICAN LEADER'S
TASK FORCE ON THE ECONOMY

Congress of the United States
House of Representatives
Washington, DC 20515-3309

2914

July 8, 1993

Mr. Brian Fontes
Chief of Staff
The Federal Communications Commission
1919 M Street, NW
Room 816
Washington, DC 20554

Dear Brian:

Recently, an entrepreneur in my district expressed his concern about the FCC adopting a policy of competitive bidding for spectrum allocation. My constituent is participating in a partnership with other investors, all of whom invested \$850,000 in a start up venture to develop and deploy wireless Interactive Video and Data Services (IVDS). To participate in the lottery, his partnership has already filed applications and paid fees to the FCC for nine markets.

Given my constituent's expectations and investment in time and money, he is understandably concerned about the implications of the Licensing Improvement Act of 1993. He feels the transition from lotteries to auctions will only serve to slow the allocation of commercial spectrum, and unfairly interrupt the ongoing lottery process.

As a member of the Telecommunications and Finance Subcommittee, I voted for H.R. 857 because I believed that competitive bidding will promote the best efficient management of our spectrum possible. Nevertheless, I can appreciate the concerns of my constituent. I would, therefore, urge you to exercise a necessary degree of flexibility as you make the transition from the current comparative hearing and lottery processes to the statutorily-mandated auctions. This is only fair to those entrepreneurs, like my constituent, who have made investments in reliance on the lottery system.

Thank you for your consideration in this matter. I look forward to hearing from you soon.

Sincerely,

Alex McMillan
Member of Congress